

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00
DODE-00 DOTE-00 INR-10 NSAE-00 FAA-00 L-03 INRE-00
SSO-00 IO-13 PA-01 SS-15 NSCE-00 /065 W
-----087408 031821Z /50

O R 031752Z APR 78
FM AMEMBASSY BONN
TO SECSTATE WASHDC IMMEDIATE 7288
INFO USMISSION USBERLIN
AMEMBASSY BERLIN
AMEMBASSY LONDON
AMEMBASSY PARIS

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 05956

E.O. 11652: N/A
TAGS: EAIR, PGOV, WB, GW, UK, FR
SUBJECT: CIVAIR: PAN AM'S BUDGET FARE IN FRG AND BERLIN

REF: BONN 4848

1. PAN AMERICAN HEADQUARTERS IN NEW YORK SENT INSTRUCTIONS TO ITS BERLIN OFFICE TO SELL TICKETS AT THE BUDGET FARE FROM BERLIN TO THE US. THE INSTRUCTIONS APPARENTLY CITED THE CIVIL AERONAUTICS BOARD AS THE AUTHORITY FOR THE RIGHT TO MARKET THE FARE.

2. EMBASSY APRIL 3 RECEIVED CALLS FROM FEDERAL MINISTRY OF TRANSPORT (FMT) AND FOREIGN OFFICE POINTING OUT THAT ALLIED CIVIL AIR ATTACHES WERE AUTHORITY FOR AVIATION IN BERLIN AND THAT THEY ARE REQUIRED BY AGREEMENTS TO SEEK ADVICE OF BERLIN CIVIL AIR TRANSPORT ADVISORY GROUP (BCATAG) ON MAJOR QUESTIONS. EMBASSY AND FOREIGN OFFICE HAVE RECEIVED NUMEROUS PRESS INQUIRIES AND WE UNDERSTAND MATTER HAS BEEN REPORTED
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IN BERLIN PRESS.

3. PAN AM'S FRANKFURT OFFICE TAKEN COMPLETELY BY SURPRISE BY INSTRUCTION BUT NEVERTHELESS HAVE BEEN FLYING PASSENGERS AT BUDGET FARE. A CHECK WITH PAN AM HEADQUARTERS THIS AFTERNOON BROUGHT LINE THAT PAN AM LEGAL PEOPLE AFTER CHECKING WITH CAB AND STATE

DECIDED THAT CAA'S DO NOT HAVE AUTHORITY TO FIX
RATES ON INTERNATIONAL ROUTES BUT ONLY ON INNER GERMAN
SERVICES. (STATE SPOKESMAN DESCRIBED AS
NON-COMMITTAL PENDING RECEIPT OF EMBASSY'S VIEWS.)
REASON FOR DECISION APPARENTLY THAT HISTORICALLY CAA'S
HAVE NOT FIXED TARIFFS FOR INTERNATIONAL FLIGHTS.

4. EMBASSY BELIEVES THIS INTERPRETATION IS UNTENABLE.
SETTLEMENT CONVENTIONS CLEARLY PUT CONTROL OF BERLIN
AVIATION IN HANDS OF ALLIES AND THROUGH RELATED AGREE-
MENT PROVIDES CONTROL BE EXERCISED THROUGH THE CIVIL
AIR ATTACHE'S. IN PRACTICE, CAA'S HAVE GENERALLY
ROUTINELY ACCEPTED IATA RATES FOR INTERNATIONAL FLIGHTS,
BUT HAVE DONE SO EXPLICITLY. REASON CAA'S CONSIDER
THAT PAN AM BUDGET FARE NEEDS EXCEPTIONAL TREATMENT
IS PRECISELY THAT IT IS NOT AN IATA FARE. QUICK
CHECK OF OUR FILES TURNED UP FOUR INSTANCES WHEN
NON-IATA FARES ON SCHEDULED INTERNATIONAL FLIGHTS
WERE FILED BEFORE AND APPROVED BY CAA'S. THESE WERE GIT
AND PART CHARTER RATES. USE OF IATA FARE WAS NOT A
CONCESSION OF AUTHORITY TO IATA, RATHER IT WAS EXAMPLE
OF STANDARD CAA PRACTICE OF ADOPTING RULES AND
PRACTICES FROM OTHER SYSTEMS WHEN THEY WERE
FELT APPROPRIATE TO THE BERLIN SITUATION. SIMILAR
ADOPTION OF FRG RULES ARE FREQUENT. CAA'S (AND BONN
GROUP) REGULARLY DEAL WITH INTERNATIONAL ROUTES IN
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ASPECTS OTHER THAN FARES, MOST NOTABLY IN ESTABLISHING
TRAFFIC RIGHTS TO SUCH ROUTES. IN THE CHARTER FIELD,
THE CAA'S ARE THE AUTHORITY REGULATING RATES.

5. BESIDES QUESTION OF LEGALITIES, PAN AM ACTION LIKELY
TO CAUSE STRAINS TO USG RELATIONS WITH ITS ALLIES.
FRENCH AND BRITISH INDICATED PREVIOUSLY THAT THEY
CONSIDERED THAT CAA'S HAVE TO ACT ON THIS FARE AND
THAT BCATAG ADVICE MUST BE SOUGHT BEFORE A FINAL CAA
DECISION. (PAN AM WAS AWARE OF THIS.) THE FRG WILL
BE ESPECIALLY RESENTFUL BECAUSE THE FLIGHTS IN QUESTION
ARE BASICALLY IGS FLIGHTS THAT CONNECT WITH TRANS-
ATLANTIC CARRIERS IN FRANKFURT OR LONDON.

6. THIS MATTER CLEARLY MORE THAN ONE OF DESIRABILITY
OF LOW FARES. IT INVOLVES WHOLE STRUCTURE OF TRI-
PARTITE CONTROL OF WESTERN SECTORS OF BERLIN AND OF
INTER-ALLIES RELATIONS.
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ACTION REQUESTED: EMBASSY RECOMMENDS THAT DEPARTMENT
CONTACT PAN AM AND INFORM IT THAT ITS BUDGET FARE
SHOULD NOT BE USED UNTIL APPROVED BY THE ALLIED CIVIL
AIR ATTACHES. IF DEPARTMENT BELIEVES LEGAL QUESTIONS
UNCLEAR, WE RECOMMEND THAT PAN AM BE TOLD TO SUSPEND
SALE OF BUDGET FARE TICKETS UNTIL MATTER IS RESOLVED.

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